



# Department of Defense

## DIRECTIVE

January 14, 1986  
NUMBER 7330.1

ASD (C)

SUBJECT : Voluntary Military Pay Allotments

References: (a) DoD Directive 7330.1, subject as above, January 16, 1981  
(hereby canceled)  
(b) Title 37, United States Code, Chapter 13  
(c) DoD Directive 1344 .1., "Solicitation and Sale of Insurance on  
Department of Defense Installations," August 31, 1977  
(d) DoD Directive 5035.1, "Fund-Raising Within the Department of  
Defense," April 7, 1978  
(e) through (i), see enclosure 1

### A. REISSUANCE AND PURPOSE

This Directive reissues reference (a) to update the policies that implement reference (b) and govern voluntary allotments of pay and allowances for active duty and retired members.

### B. APPLICABILITY

This Directive applies to the Office of the Secretary of Defense and the Military Departments. The term "Military Service," as used herein, refers to the Army, Navy, Air Force, and Marine Corps.

### C. POLICY

#### 1. General

a. The voluntary allotment system is provided primarily as a means to assist military members in accommodating their personal and family financial responsibilities to the exigencies of military service. It is a convenience and privilege not to be exploited or abused. To avoid unjustifiable expense to the Government, its use shall be limited to the purposes outlined below.

b. All existing approved registered allotments of military pay and allowances for active duty and retired members that were authorized previously by this Directive at the time registered may be continued as approved allotments. However, if any such allotments are discontinued, they may not be reestablished except as a new allotment in accordance with the requirements of this Directive. Any change in the allotment that is initiated by the service member is considered a discontinuance, except those that are beyond the control of the service member.

c. Changes beyond the control of the service member are changes that are of an administrative nature dictated by events incidental to the purpose of the allotment. Examples of administrative changes that are beyond the control of the service member are: name and address changes by the payee or

amount changes due to contractual obligation existing at the time the allotment was executed, such as a mortgage payment change because of a variable rate mortgage *or* changing escrow requirements. Although the changes given above do not constitute a **discontinuance**, such administrative changes that adjust the amount of the allotment shall be accepted only when communicated by the service member on a new allotment request. Discontinuance occurs with any mortgage refinancing action.

d. A change in allotment initiated by an organizational **allottee** may be accepted when the change is documented properly, is of an administrative nature, and does not increase the amount allotted.

2. Active Military Service. Voluntary allotments of military pay and allowances of service members in active military service shall be limited to the following:

a. The purchase of U.S. savings bonds.

b. The payment of premiums for insurance on the life of the **allotter**, including U.S. Government Life Insurance, National Service Life Insurance, Veterans Group Life Insurance, Navy Mutual Aid Insurance, Army Mutual Aid Insurance, and commercial life insurance.

(1) Allotments for insurance on the lives of a spouse or children are not authorized, except under a family group contract that primarily provides insurance on the life of the **allotter** and includes insurance on the lives of the spouse and children as a subordinate feature.

(2) Allotments for health, accident, or hospitalization insurance or other contracts that, as a secondary or incidental feature, include insurance on the life of the service member are not authorized.

(3) Requests to initiate commercial life insurance allotments shall be processed only after compliance with requirements of DoD Directive 1344.1 (reference (c)).

c. The repayment of loans to the Navy Relief Society, Army Emergency Relief, Air Force Aid Society, and American Red **Cross**.

d. Allotments to a spouse, former spouses, other dependents, and relatives who are not designated legally as dependents. The payment of such an allotment to a financial institution or association shall not deprive a service member of the use of the allotments authorized **by** paragraph C.2.f. , below.

e. The voluntary liquidation of indebtedness to the United States.

(1.) This includes indebtedness incurred by reason of defaulted notes insured by the Federal Housing Administration or guaranteed by the Veterans Administration (VA); payment of amounts due under the Retired Serviceman's Family Protection Plan, in the case of retired service members serving on active duty; payment of delinquent **Federal** income taxes; and **any** other **in-** **debtedness** to any department or agency of the U.S. Government, except to the department paying the service member.

(2) This includes repayment of debts owed to an organization for funds administered on behalf of the U.S. Government and any such debts assigned to a collection agency.

f. The payment to a financial organization for credit to an account of the service member. A financial organization is any bank, savings bank, savings and loan association **or** similar institution, or Federal or state chartered credit union. Monies thus credited to the service member's account may then be used for any purpose in accordance with the desires and direction of the service member. No more than two such allotments under this paragraph shall be allowed any service member at any one time.

g. Repayment of loans obtained for the purchase of a home, including a mobile home or house trailer used as a residence by the service member. This does not authorize repayment of loans for business purposes or for additions or improvements to homes, mobile homes, or house trailers. Allotments authorized herein are in addition to those authorized under paragraph C.2.f., above. Only one such allotment shall be allowed any service member at any one time.

h. Charitable contributions to the following:

(1) A Combined Federal Campaign, in accordance with DoD Directive 5035.1 and DoD Instruction 5035.5 (references (d) and (e)).

(2) Army Emergency Relief, Navy Relief Society, or affiliates of the Air Force Assistance Fund.

i. Deposits to the account of a service member participating in the Title 10, United States Code, Section 1035, Uniformed Services Savings Deposit Program (reference (f)). This program is limited to service members in a missing status as a result of the Vietnam conflict.

j. Allotments to the VA for deposit to the Post-Vietnam Era Veterans Education Account within the periodic and cumulative depository limitations specified in DoD Directive 1322.8 (reference (g)). Once authorized by the service member, the allotments must run a minimum of 12 consecutive months, unless the service member suspends participation or **disenrolls** from the program because of personal hardship.

k. Payment of delinquent state or local income or employment taxes.

l. Dental and health insurance allotments for the benefit of the families of service members.

### 3. Retired Military Personnel

a. Voluntary allotments by service members receiving retired or retainer pay **shall** be limited to the following:

(1) Purchase of U.S. savings bonds.

(2) Payment of premiums for insurance on the life of the service member including U.S. Government Life Insurance, National Service Life Insurance,

Veterans Group Life Insurance, Navy Mutual Aid Insurance, Army Mutual Aid Insurance, and commercial life insurance, subject to the limitations prescribed in subparagraphs C.2.b. (1) and (2), above.

(3) Voluntary liquidation of indebtedness to the United States, subject to the limitations prescribed in paragraph C.2.e., above.

(4) Allotments to a spouse, former spouses, and/or children of the retired service member having a permanent residence other than that of the retired service member.

(5) Charitable contributions to the Army Emergency Relief, Navy Relief Society, or affiliates of the Air Force Assistance Fund.

(6) The repayment of loans to the Army Emergency Relief, Navy Relief Society, Air Force Aid Society, or American Red Cross.

b. To assist personnel in the transition from active duty to retired status, all allotments authorized for active duty service members may be continued, except those allotments in subparagraph C.2.h. (1) and paragraphs C.2.i. and C.2.j., above. However, if an allotment continued from active duty, but not authorized by paragraph C.3.a., above, is discontinued by the retiree, such an allotment may not be reestablished.

#### 4. Exclusions and Restrictions

a. The amount of pay and allowances that may be allotted shall exclude amounts required to be withheld for taxes, liquidation of indebtedness determined under applicable provisions of law to be chargeable **against** the service member's pay account, or required premiums on Servicemen's Group Life Insurance.

b. The total amount that may be allotted shall comply with the restrictions in the DoD Military Pay and Allowances Entitlements Manual and DoD Military Retired Pay Manual (references (h) and (i)).

#### 5. Control and Use of Forms

a. Allotment requests shall be accepted only on authorized allotment forms, unless otherwise provided in this Directive. Supplies of allotment forms shall not be made available to non-Federal organizations, except that each Military Department may authorize issuance of forms to the Army Emergency Relief, Navy Relief Society, the Air Force Aid Society, and American Red Cross.

b. Active duty enlisted service members shall sign the allotment authorization form in the presence of the service member's commanding officer, **personnel** or disbursing officer, or one of their representatives who shall witness the signature. The Military Departments may waive this requirement for senior enlisted service members and loan repayment allotments payable to the Army Emergency Relief, Navy Relief Society, the Air Force Aid Society, and American Red Cross.

c. Charitable contribution allotment requests by enlisted members may be accepted without a witnessing official, when submitted on contribution forms in accordance with DoD Directive 5035.1 and DoD Instruction 5035.5 (references (d) and (e)).

d. Retired military personnel need not submit allotment requests on the prescribed forms. A signed personal letter may be used to support an allotment request, change, or cancellation by retired military members as long as all required information is provided.

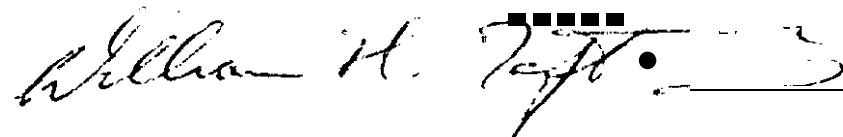
D. RESPONSIBILITIES

1. The Assistant Secretary of Defense (Comptroller) shall exercise primary management responsibility for the voluntary military pay allotment program and provide assistance to the Military Departments in the form of instructions, requirements, reviews, and other guidance.

2. The Secretaries of the Military Departments shall ensure that this Directive is implemented by the Military Services concerned.

E. EFFECTIVE DATE AND IMPLEMENTATION

This Directive is effective immediately. Forward two copies of implementing instructions to the Assistant Secretary of Defense (Comptroller) within 120 days.

A handwritten signature in dark ink, reading "William H. Taft, IV". The signature is written in a cursive style with a large, stylized "T" and "I".

William H. Taft, IV  
Deputy Secretary of Defense

Enclosure - 1  
References

REFERENCES, continued

- (e) DoD Instruction 5035.5, "Department of Defense Combined Federal Campaign - Overseas Area (CFC-OA)," August 23, 1978
- (f) Title 10, United States Code, Section 1035
- (g) DoD Directive 1322.8, "Voluntary Educational Programs for Military Personnel," February 4, 1980
- (h) DoD Military Pay and Allowances Entitlements Manual
- (i) DoD 1340.12-M, "Military Retired Pay Manual," September 5, 1979, authorized by DoD Instruction 1340.12, January 23, 1978